Required Report - public distribution

Date: 9/20/2002

GAIN Report #EZ2015

Czech Republic

Livestock and Products

Annual

2002

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Report Highlights: Recent flooding in the Czech Republic has left the livestock sector largely unscathed. Beef consumption continues to suffer from BSE related consumer concerns. Pork prices are moderating after rising in 2001 in response to increased consumption. The Czech Republic uses export subsidies for some meat products.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
Vienna [AU1], EZ

SECTION I. SITUATION AND OUTLOOK

Introduction and Highlights

Neither a "Market" nor a "Competitor"

The Czech Republic is neither a market nor a competitor to the U.S. in livestock and meat products. The Czech Republic does not import meat or meat products from the United States because no agreement has been reached on USDA/FSIS export certificates and because of some restrictive import rules. The Czech Republic does not allow meat produced with growth promoters and is adopting EU-style laws on specified risk materials (SRMs).

In August the Czech Republic was badly flooded and losses in agriculture are around $290 mil. Wheat was most affected, followed by other crops, losses in forestry and water-related industries (including fishing). Livestock was not affected.

Production

Beef

There is a trend towards increased production of beef and a reduced number of dairy cows. This is a result of EU subsidy policy that will affect the Czech Republic once it is an EU member (probably in 2004). Total number of cattle will probably remain at the same level, at least until 2004.

Pork

Due to the outbreak of BSE in Europe in 2001, consumption of beef and dropped and was partially replaced by increased demand for pork. This situation resulted in higher prices of pork, which were at their in five years (see table in Section II.). Production increased last year, which is pushing prices down. Next year total pork production is expected to be lower than this year.

Consumption

Consumption of both beef and pork has been declining since 1990, while consumption of poultry has increased significantly. These changes are a result of higher prices of beef and pork compared to poultry and also reflect a shift toward 'healthier' eating habits. "Red meats" (beef, pork) are also becoming less popular especially with occurrence of diseases like BSE and FMD in Europe. These trends in meat consumption are likely to continue.

The following tables compares per capita consumption of different kinds of meat in 1990 and in 2000:

1990	**2000**	Beef
28	12.3	Pork
50	40.9	Poultry
13.6	22.3	Other
4.9	3.9	Meat total
96.5	79.4	

Trade and Export Subsidies

Beef

In 2001 the State Agricultural and Intervention Fund subsidized exports of 29,000 MT of slaughter bulls and paid out 438 million CZK (about $14 million). This covered both live animals and meat. This year beef exports were subsidized only in the first quarter and subsidies were paid for 12,400 MT of slaughter bulls, 1,050 MT of calf and 3,100 MT of cows (both live and meat in all categories). Total sum paid out was 352 mil. CZK (about $11 million) .

Pork

Beginning in 2000, the Czech Republic has enjoyed a “Double Zero Agreement” with the EU, which includes tariff free trade in pork (HTS no. 0203) up to a set quota. In the first half of 2002 the quota was 5,750 MT, which the EU used up by January 22, in the second half of 2002 it is 6,500 MT (the EU filled the quota by July 20). The Czech Republic does not fill these quotas since the EU has other non tariff barriers and exports of Czech pork usually end up going to Slovakia, Romania and other countries. Also stronger currency is also making it harder for Czech exporters to export.

In 2001 exports of pork increased and in 2002 exports continue to rise. The main market for Czech swine and pork is traditionally Slovakia, then Romania, Hungary and marginally Germany. Imports are predominantly from Germany, France, Belgium and Denmark.

Pork exports were not subsidized in 2001 or 2002.

SECTION II. STATISTICAL TABLES

PS&D Cattle

PSD Table						
Country:						
Commodity:						
		2001		2002		2003
	Old	New	Old	New	Old	New

Calendar Year Begin						
Total Cattle Beg. Stks	1582	1582	1510	1520	0	1500
Dairy Cows Beg. Stocks	531	529	510	496	0	470
Beef Cows Beg. Stocks	81	82	85	100	0	125
Production (Calf Crop)	569	567	550	547	0	540
Intra EC Imports	0	0	0	0	0	0
Other Imports	1	0	10	0	0	0
TOTAL Imports	1	0	10	0	0	0
TOTAL SUPPLY	2152	2149	2070	2067	0	2040
Intra EC Exports	0	0	0	0	0	0
Other Exports	25	46	40	52	0	50
TOTAL Exports	25	46	40	52	0	50
Cow Slaughter	133	131	130	135	0	130
Calf Slaughter	12	12	12	15	0	15
Other Slaughter	205	212	198	210	0	215
Total Slaughter	350	355	340	360	0	360
Loss	267	228	170	155	0	160
Ending Inventories	1510	1520	1520	1500	0	1470
TOTAL DISTRIBUTION	2152	2149	2070	2067	0	2040
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PS&D Swine

PSD Table						
Country:						
Commodity:						
		2001		2002		2003
	Old	New	Old	New	Old	New
Calendar Year Begin						
TOTAL Beginning Stocks	3594	3594	3700	3910	3850	3950
Sow Beginning Stocks	293	293	298	290	0	280
Production (Pig Crop)	5300	5300	5500	5600	0	5000
Intra EC Imports	0	0	0	0	0	0
Other Imports	1	0	1	0	0	0
TOTAL Imports	1	0	1	0	0	0
TOTAL SUPPLY	8895	8894	9201	9510	3850	8950
Intra EC Exports	0	0	0	0	0	0
Other Exports	30	18	30	20	0	20
TOTAL Exports	30	18	30	20	0	20
Sow Slaughter	130	140	145	155	0	140
OTHER SLAUGHTER	4470	4286	4555	4715	0	4500
Total Slaughter	4600	4426	4700	4870	0	4640
Loss	565	540	621	670	0	560
Ending Inventories	3700	3910	3850	3950	0	3730
TOTAL DISTRIBUTION	8895	8894	9201	9510	0	8950
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Prices

Beef

Prices of beef dropped in 2001 due to BSE outbreaks in many EU countries. In 2002 prices will be higher on average than in 2001, which is connected with increased trust in beef on the part of consumers and higher demand.

1997	**1998**	**1999**	**2000**	**2001**	**2002**	*Farmers' prices*
Slaughter bulls (kg of live weight)						
35.5	39.6	37.9	40.3	33.8	N/A	Slaughter cows (kg of meat)
23.3	26.5	25.2	27.0	21.4	N/A	
Processors' prices Beef sirloin						
220.6	220.7	281.8	330.7	261.6	N/A	*Consumers' prices*
Beef sirloin						
N/A	N/A	N/A	N/A	360.0	N/A	

Pork

Prices of pork were much higher in 2001 than in the years before, which is a result of higher demand for pork due to outbreak of BSE in the Europe and the resulting lower beef consumption. This year the supply of is larger and prices are dropping again although in the past few week there has been some price recovery. The table below shows average prices of swine a pork in CZK/kg since 1997:

1997	**1998**	**1999**	**2000**	**2001**	**2002**	*Farmers' prices*
Swine (kg of live weight)						
35.5	34.0	30.5	35.3	44.1	34.4	Swine (kg of meat)
43.1	42.5	37.3	42.9	54.6	43.0	*Processors' prices*
Pork sirloin						
N/A	103.3	93.4	101.8	113.8	101.6	*Consumers' prices*
Pork sirloin						
N/A	132.0	111.6	120.6	135.9	124.3	

(Exchange rate: September 2002: 1USD = 31 CZK)